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Joint Committee on Finance 100th ANNIVERSARY 1911 - 2011

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative Robin Vos

Date: August 15, 2011

Re: DCF Report to JFC

Attached is a report on the Wisconsin Shares Program from the Department of Children and Families.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:RV:jm



wisconsin department of
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Governor Scott Walker
Secretary Eloise Anderson

Secretary's Office

August 15, 2011

Honorable Alberta Darling, Senate Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

Honorable Robin Vos, Assembly Co-Chair
Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53702

Dear Senator Darling and Representative Vos:

This letter provides the Department of Children and Families' August 2011 report on the Wisconsin Shares Program. The information below is a compilation of data requested by the Committee related to DCF's fraud prevention, investigation and overpayment collection activity.

Wisconsin Shares Fraud Prevention, Detection and Recovery Expenditures, July 2011

Expenditures related to fraud prevention and investigation: \$205,200

The above amount represents the July 2011 costs of the Child Care Fraud Detection and Investigation Unit, information technology programming costs, and an estimate of county expenditures from their DCF allocations for investigating suspected fraudulent activity.

Expenditures related to recovering overpayments due to error or fraud: \$44,300

The July 2011 expenditures related to recovering overpayments due to error or fraud are estimated above. The Public Assistance Collections Unit (PACU) of DCF coordinates the Department's efforts to collect public assistance overpayments, including Wisconsin Shares, which are attributed to participant error or fraud.

Overpayment and/or restitution collected by DCF: \$249,689

In July 2011, DCF collected \$57,210 in child care overpayments that were the responsibility of the individual for whom the child care subsidy was paid plus \$192,479 in child care overpayments that were the responsibility of child care providers. These collections are the result of ongoing efforts to recover historical overpayments. Most collections to date are owed to DCF as a result of an administrative finding that an overpayment has occurred.

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Overpayment and/or restitution collected by other agencies: \$0

No overpayments and/or restitution collections have been reported by other agencies in July 2011 to DCF.

Providers Suspended from the Wisconsin Shares Program, July 2011

During the month of July, DCF suspended payments to seven child care providers. Six were from Milwaukee County and one was from Burnett County. The Department continues to review the details of Milwaukee County suspensions with the Child Care Anti-Fraud Task Force.

Also, during July a total of \$305,619 in overpayments were established in the Department's tracking system against all providers suspended from the Wisconsin Shares program. Through July the cumulative total for overpayments established against suspended providers since January of 2009 stands at \$8,102,802.

Automatic Authorization of Child Care Hours System

Number of changes made to authorized hours during the month: 1,285 changed authorizations
This figure reports the total number of active authorizations in July that were reduced by the automated system.

Total reduction made to the authorized hours during the month: 10,083 hours

This figure reports the total number of hours taken off of active authorizations in July that were reduced by the automated system.

Estimated savings in the month due to the automated authorization adjustment system: \$72,100

This is an estimate of the maximum potential savings for those active authorizations in July that were reduced by the automated system.

Were child care quality improvements identified via use of the new system? To date, no.

The system was launched on May 15, 2010 and was designed primarily to improve consistency in the authorization process rather than to identify opportunities for making quality improvements.

Estimated annualized ongoing costs to operate the automated system: \$50,000

The primary ongoing cost is for mailing notices to parents and providers. Ongoing staff time to run the automated check is estimated at 30 minutes per month.

Thank you for the opportunity to share information on the status of the Shares program.

Sincerely,


Eloise Anderson
Secretary

cc: Mike Huebsch, Department of Administration
Bob Lang, Legislative Fiscal Bureau

Wisconsin Shares Provider Suspensions
July 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Siren Children's Center Lic	Burnett	07/01/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	Yes	\$14,679.11	No	Yes

Wisconsin Shares Provider Suspensions
July 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overspending Established	Referred to Law Enforcement	Collection
Woods Educational Child Care Center	Milwaukee	07/01/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to provide access to the child care facility during the provider's stated hours of operation; 2) the provider's failure to maintain and submit accurate attendance records as required by the Shares program; and 3) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	Yes	\$1,496.61	Yes	No

The Department has been unable to verify the actual care of children at the provider's facility.

- The Department attempted to visit the provider's facility on 5/5/2011 and was unsuccessful in gaining access to the facility.
- The Department attempted to visit the provider's facility on 6/7/2011 and was successful in gaining access to the facility, however no children were present and no children were observed arriving or

Wisconsin Shares Provider Suspensions
July 2011

departing.

- The unsuccessful attempt(s) to verify the presence of children attending the facility raises a strong and reasonable suspicion that the provider was billing the Wisconsin Shares program for children who did not actually attend the child care facility.
- The Department reviewed the provider's billing records and confirmed the provider billed children as being in attendance on 5/5/2011 and 6/7/2011 even though the Department was unable to observe any children in attendance.

The Department has evidence that the provider:

- Billed for children who were not in attendance.
- Billed for more hours than children actually attended.

Wisconsin Shares Provider Suspensions
July 2011

Child Care Provider	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Biddle Family Day Care	07/08/2011 Milwaukee	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program; 2) the provider's failure to provide access to the child care facility during stated hours of operation; 3) the provider's failure to have attendance records available at the child care site when the department requested to review them; and 4) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	No	\$1,828.48	Yes	

**Wisconsin Shares Provider Suspensions
July 2011**

The Department attempted to visit the provider's facility on 5/23/2011 and was unsuccessful in gaining access to the facility. The unsuccessful attempt(s) to verify the presence of children attending the facility raises a strong and reasonable suspicion that the provider is billing the Wisconsin Shares program for children who did not actually attend the child care facility. The Department reviewed the provider's billing records and confirmed the provider billed for children as being in attendance on 5/23/2011 even though the Department was unable to observe any children in attendance.

The Department has evidence that the provider:

- Billed for children who were not in attendance.
- Billed for more hours than children actually attended.

Wisconsin Shares Provider Suspensions
July 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Shaw's Child Care Center	Milwaukee	07/08/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program; 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program; and 3) the provider's failure to provide access to the child care facility during stated hours of operation.	Yes	\$4,327.63	No	

The Department has evidence that the provider:

- Billed for children no longer attending the child care center, even after the parents stopped bringing their children to the provider's child care center.
- Billed for more hours than children actually attended.
- Billed for children who were not in attendance.

The Department has been unable to verify the actual care of children by the provider's facility. The

Wisconsin Shares Provider Suspensions
July 2011

	<p>Department attempted to visit the facility on 1/12/2011 and was unsuccessful in gaining access to the facility. The unsuccessful attempt(s) to verify the presence of children attending the facility raises a strong and reasonable suspicion that the provider is billing the Wisconsin Shares program for children who did not actually attend the child care facility. The Department reviewed the provider's billing records and confirmed the provider billed for children as being in attendance on 1/12/2011 even though the Department was unable to observe any children in attendance.</p>	

Wisconsin Shares Provider Suspensions
July 2011

Child Care Provider	Suspension Date	Suspension Reason	Payment Stopped	Overspending Established	Referred to Law Enforcement	Collection Enforcement
All My Children Learning Center	07/22/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	No	\$12,424.33	Yes	The Department has evidence that the provider: <ul style="list-style-type: none">▪ Billed for children who were not in attendance.▪ Billed for more hours than children actually attended.▪ Maintained attendance records anticipating children's attendance, rather than being an actual record of children's attendance.

Wisconsin Shares Provider Suspensions
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and was successful in gaining access to the facility however no children were present. The unsuccessful attempts to verify the presence of children attending the provider's facility raises a strong and reasonable suspicion that the provider is billing the Wisconsin Shares program for children who did not actually attend the child care facility. The Department reviewed the provider's billing records and confirmed the provider billed for children as being in attendance on 1/7/2011 at both facilities at the time of the Department's visit even though the Department was unable to observe any children in attendance.

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Child Care Provider	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection Enforcement
Learning Years	07/29/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	No	\$42,904.24	Yes	

**Wisconsin Shares Provider Suspensions
July 2011**

	Between March 2011 and April 2011 at location 004: the provider reported and billed 31-48 children were in attendance at the same time, licensed capacity was 27.
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Wisconsin Shares Provider Suspensions
July 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
New Holy Ghost Tabernacle	Milwaukee	07/29/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to have attendance records available at the child care site when the department requested to review them; 2) the provider's failure to maintain and submit accurate attendance records as required by the Shares program; and 3) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	Yes	\$41,352.82	Yes	\$41,352.82

During an onsite visit on 7/6/2011, the provider refused to provide investigators with requested attendance records from 2011. When investigators requested to review the provider's attendance records the provider refused and directed the investigators to leave the child care facility.

The Department has evidence that:

- The provider billed for more hours than children actually attended.
- The provider billed for children with

Wisconsin Shares Provider Suspensions
July 2011

	<p>incomplete attendance records where the time a child was signed in or out was missing.</p> <ul style="list-style-type: none">■ At the provider's 7/26/2011 overpayment hearing, the provider was unable to explain her billing practices in any way which conformed to the Shares program.	